**Finance & Premises Committee Meeting**

**Wednesday 22nd June 2016 - 8.30am – i52**

## Present:

Mr C Vaughan-Governor (Chair of F & P Committee)

Mrs L Hedden (Chair of Governors)

Mr A Worth (Governor)

Mr A Lunn-(Governor)

Mr D Simpson-(Governor)

Ms C Herman-Headteacher

Mr S Roberts

Mrs D Matthews-Finance Manager

Mrs L Smith-scribe

Mr Peter Barber-Litmus (contractor quality assurance)

Mr James Giles-Pabulum

Mr Dave Wardle-Pabulum

Ms K Katie Walkden (Essex Finance)

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| 1. | Apologies Rachel O’Hara |
| 2. | **Catering Presentation proposal for 6th form area and year 7 area**  Pabulum began their proposed investment presentation by giving an overview of what exactly is envisaged in each of the above areas.  Year 7 concept – it is proposed to have a hard standing, covered and weather sheltered area next to the pavilion in addition, an additional till and hot food prep area provision. The total amount of investment is £19,600.  6th form proposal – Pabulum explained that the concept with this was “I love coffee”, designed by and with the students. The total investment would be £44,600 and would provide hot multi stands, pizza ovens, costa coffee machine and much more. The intention is to not only retain our 6th form on site, but to attract new intake, being a prime marketing tool for the 6th form. This area would also be very appealing to staff. Opening hours would be 8am till 3pm and there would be secure shutters in place.  JG explained that the total investment would be in return for a 3 year contract plus a further 3 years. i.e. a break clause at 3 years. JG explained the figures in relation to depreciation and how this had been worked. CJH added that the School has been extremely delighted with Pabulum and that any issues that have arisen, have been dealt with and reacted to in a timely and satisfactory manner. CJH gave an overview of the year 7’s current offering in the pavilion and stated that the proposal is just the solution needed for our newly enlarged group of year 7s.  6th form – this proposal is absolutely key to marketing the 6th form and is intended to be a real “head turner”. CJH explained the multitude of advantages to the Committee and that from the School’s perspective it is something we would be in favour of. Both SR and PB had scrutinised the proposal with PB noting that the method of how Pabulum had increased growth over the years and maintained it, was impressive and was important to note. The break clauses were of added comfort in the unlikely case of unresolvable issues. CJH stressed that time was of the essence in the approval of this proposal as Pabulum could then commence works, in order for the new facilities to be ready in September.  Further discussion surrounded the groundworks raised by AW and the different type of windbreak options available. With regards to the 6th form, CJH pointed out to the Committee that it was the bottom plan in the proposal and that the Mezzanine floor would remain the same. CV queried the offer to PB, who reassured that this is indeed a sound investment offer, coupled with the fact that Pabulum are one of the better companies. There was also the likelihood of profit sharing going forward. This proposal would also help with Healthy Schools status.  Katie Walkden joined the meeting at 8.45am.  CV asked if the committee had the authority to authorise the total of this proposal – they do have the authority due to the break clause periods. CJH stated the School would like to go ahead with this proposal.  Based on all the information given, including confirmation by PB that the proposal represented good value for money and should the worst come to the worst the undepreciated investment would pass to a new contractor, together with the presentation by Pabulum, approval was given for this investment proposal. |
| 3. | **Minutes of last finance & Premises Committee meeting**  The minutes from the extraordinary meeting dated 27th April 2016, were previously circulated and agreed to be a true reflection of this meeting. (AL asked that KW emailed the Committee with a comparison of salaries as per page 3 of these minutes). **KW to action.** |
| 4. | Matters Arising from the last finance & premises committee These were to be addressed further into the meeting. |
| 5. | **Business Interests Updates**  None. |
| 6. | **Finance Reports**  **Estimated Carryforward**  CV requested that the figures are displayed how they have been previously and discussion followed regarding this. KW ran through the figures which prompted discussion on monies that are still available and an assumption on how they will be spent. There were a couple of variances which were due to staff having left the school earlier than originally planned. It was reported that as SB and CO had now left the School’s employ, the redundancies came from the 16-17 budget (with the exception of CO’s payment, as this was an agreement, not a redundancy). SEN income came in slightly higher than envisaged.  Exam budget – there were still monies available and were unlikely to be spent. CV highlighted various savings which had been achieved.  AL began further discussion on the way the total figures were presented on this particular outturn and it was later requested that presentation of the figures reverted to the previous system used. It was however noted that due to the transitional phase of personnel and the fact that KW uses the ECC model, this is the reason for a different display of figures.  It was agreed that for future meetings that the figures will be presented in the previous format.  **Virements**  These were self explanatory and CV authorised all virements.  **Cashflow**  The Falling Roles Fund had boosted cashflow by £97K.  There was also VAT recovery of £75K, made up over two recoveries.  **Budget 16-17**  The merits of looking at the 5 year plan prior to the actual 16-17 budget were discussed and it was felt that there were too many variables, therefore the budget was reviewed initially.  We await an email from Essex to confirm that the School may use the funding due from them in May 2017 in our 16-17 year which will be taken to FGB, with the draft budget. The Committee’s recommendation of the budget would be dependent on receipt of that email.  AL felt that as there were no comparisons available on last year and there was not context available he was unable to form an opinion on whether the budget should be approved. AL requested a scenario of how the budget will look at the end of the year in particular.  It should be noted that the 15/16 budget is being balanced by an agreed amount of £514k giving funded by the Essex falling roll fund with an addition £200k being brought forward from funding that has been allocated for future years. This could cause funding issues for the school in future years.  Although CJH emphasised that we now had a balanced budget, which had been a real challenge in the recent circumstances, the Committee wanted a clearer understanding of where further savings had been secured: a comparison with the previous year’s budget would enable them to form a clearer view. LH clarified this point in order to reach an approved budget. LH felt that it was crucial that Committee had an awareness of any risk, in areas where significant savings had been made, or were due to a reduction in budget.  CJH and DM stressed to the Committee that careful scrutiny of each budget had been undertaken and where areas could be trimmed back wherever possible.  CV requested that the 16/17 budget should be compared with the 15/16 budget and the 15/16 outrun. Both columns should be added with the financial variance and percentage variance. Any variance of over £5000 should have a comment. In addition, as requested in the last meeting, a high level reconciliation between the changes the actual payroll against the 16/17 budget payroll is required. This should include the starters and leavers (by individual) and any key payroll increases ( by type in total ie NI, Pension, salary increase etc).  It was agreed that the Committee would recommend the budget to FGB on 7th July provided that the Essex approval was received in writing and the budget were provided with comparisons, commentary and reconciliation as requested above, and those figures did not expose any unexpected risks.  **5 year plan**  CV distributed supporting paperwork to the 5 year plan where discussion followed on the 4 different models used, in particular on how the figures arose with lagging in income and the student figures.  In summary, (paper attached to the minutes)  Model 1 was the initial model as calculated by the school gave a cumulative profit over the next 5 years of £188k.  Model 2 – this was revised at the committees request taking into account the lagging of income gave a cumulative **loss** of £742k.  Model 3 - this model was based on the assumptions given to the Funding forum to enable the school to access this funding. This gives a cumulative **loss** of £ £2,089k  Model 4 based on optimistic 6th form retention and new joiners gives a cumulative **loss** of £1,598k.  The funding formula is a concern to CV and how the figures will present further down the line. By bring forward funding forum funding, to balance this year’s budget, will causes funding issues in future years. CV wanted to ensure that Committee members were aware of the risk of substantial budget deficits further down the line, potentially in 17-18 and 18/19, without major planned future savings. He acknowledged that many components went into a forward plan and nothing was certain, but the potential size of the gap needed to be understood and the risk acknowledged and managed.  LH reported that she and CV had had a pre-meeting to discuss next steps with regard to the 5 year plan. They had agreed that nothing need doing immediately but that it would be good for the two of them to work with CJH on when best to revisit the plan and what remedial steps to take and when. Committee members supported this approach.  It was noted that most schools are facing in-year deficit budgets, with KW confirming it was both primary and secondary, and that the SHS situation is replicated across the county. It was felt that there will come a point when Government will be obliged to intervene because MATs would not solve the funding crisis the system was facing. Governors felt that the issues and strategy of how the school should move forward should be considered after final Yr 7 and Yr 12 numbers are known at the beginning of September. AL enquired whether the budget could be presented earlier next year. CV confirmed the framework of it could be looked at once the numbers were known.  It was discussed how the School can be best prepared whilst still running day to day. CV felt FGB needed a heads up on the situation – LH commented on what Ofsted needs to be aware of when they next inspect, regarding the extreme circumstances under which the Leadership of the school have had to operate.  The size of teaching groups and practicalities of this were discussed at length – all agreed this was a balancing act. |
| 7. | **Re-writing of Financial Regulations**  DM gave an overview of why this had been raised, explaining that throughout the Financial Regulations, reference was made to the wording “Business Manager”. Discussion surrounded what would be a manageable interim solution – it was agreed that an additional page could be added at the beginning of the Financial Regulations stating that where “Business Manager” appears, that alternative measures are put in place, and those alternative measures should be spelled out. CV and the Committee agreed that as we do not have many SLT, it would be permitted for JIC and JC to approve orders, but must avoid signing off items in their own budgets. They also needed to be trained in what to look for and what to do.  CV stated at this point that he felt the school was at serious risk by not having an appropriately qualified accountant as business manager in post and feels that this should be addressed as soon as is possible. A school the size of SHS should have an appropriately qualified and experienced accountant and the cost needs to be included in the budget. LH reported that CV and she had agreed this issue should be added to the agenda for their meeting with CJH. |
| 8. | **Premises Report**  SR gave a brief run through of the paperwork that had been previously circulated to the committee. He reported that the obligatory asbestos survey will be undertaken within the costs of the upcoming pipeworks.  KW left the meeting at 10.15am.  SR felt it unlikely that the school had a leak and that a gate valve was being installed during the summer together with an inspection of the meter by the water company.  The current situation with the panel for the curtain walling/cladding was clarified by SR, who was assured by Mark Hatley at PCH, that no further monies would be paid to Horizon (the contractors), until a mutually agreeable solution had been found. |
| 9. | **Risk Register**  LH to amend, particularly the wording in the Financial section and responsibilities. The Register was to be sent to FGB for approval. **LS to email to LH for amendment.** |
| 10. | **Internal Controls Evaluation (ICE), Scope of Work 16/17 approval**  Discussion ensued regarding the work undertaken by the ECC, ICE team. The Committee approved the Scope of Work to be undertaken in the 3 visit programme of ICE visits for the next financial year.  AL ran through visit 2.  AL raised the point that for future meetings could the Natwest account be included on the agenda. DM reported the current account balance and the steps being taken to gradually reduce it to nil.  AL asked SR if the IT inventory could be undertaken – this had already been scheduled for the summer.  **New items**  Petty cash – this could be covered by adding an addendum to the Regulations.  Logging of orders – this had been addressed in emails between DM and AL.  Tendering process was scrutinised and received favourable comments. |
| 11. | **A.O.B.**  AW raised the subject of obtaining best value for materials purchased, such as stationery. Further discussion evidenced that several companies were used to ensure the best price.  CV expressed his thanks to the Finance team for all their hard work recently and also welcomed Stuart Roberts to the Committee. |

**Date of next meeting – Wednesday 12th October 2016, 8.30am in i52**